

The seal of the Missouri State Treasurer is circular, featuring a central shield with a balance scale and a plow, surrounded by the words "TREASURER'S SEAL OF THE STATE OF MISSOURI".

Monthly Financial Report

State Treasurer Sarah Steelman

September 2006

Missouri Investment Screens Protect Tax Dollars Against Ties To Countries And Companies That Sanction Terrorism

The horrific attacks on New York and Washington D.C on September 11, 2001 changed our nation in many ways. In Missouri, new policies have been instituted to ensure state investments are not placed in foreign companies or countries that assist terrorist groups. These changes are necessary to ensure public tax dollars – and innocent citizens – are not placed at terror-related risk.

Paribas Capital Finance – owned by BNP, the second-largest bank in Paris, France, was replaced as Missouri's top broker-dealer for overnight repurchase agreements as one of the first acts of State Treasurer Sarah Steelman upon taking office.

BNP was the financial intermediary for the Iraqi oil-for-food scandal and has worked to raise billions in loans for Iran – a nation the U.S has sanctioned as a state sponsor of terrorism.

The Missouri State Employee Retirement System (MOSERS) adopted a new, multi-level system to protect investments against terror ties. It includes retaining two independent research companies to report on risks involving foreign companies, review by MOSERS personnel for terror-related risk, disclosure by external fund managers of any terror risk on stock purchases by MOSERS, and ultimate divestment decisions by the board.

Public pension funds in the U.S. invest

about \$3 trillion, and a large amount of that is in foreign companies.

These foreign companies are not restricted by U.S. laws that prohibit American companies and citizens from doing business with nations sanctioned for sponsoring terrorism.

It is unwise to invest in companies that generate wealth for nations that help finance terrorism here and abroad and these screens help ensure tax dollars are not invested to benefit these rogue states and other terrorist tied companies.

Finally, Missouri is the first state to establish a fund for investing public dollars that screen out companies that support terrorism and those that have direct relationships with the governments of nations sanctioned for sponsoring terrorism.

The Missouri Investment Trust has established an enhanced index fund that screens out companies tied to terrorism, then either rebalances among existing stocks or reinvests those assets in similar companies not tied to terror.

The great news is that screening for these global risks is also smart financially. In setting up the MIT fund, historical analyses showed that had the at-risk stocks been screened out, the return on investment would have been slightly higher. The people's money should never be used to support terrorism. These changes are helping ensure Missouri is doing all it can to keep our tax dollars, and our citizens, safe.

Office of Missouri State Treasurer
Monthly Division Performance Totals



Banking Division

August 2006

State Receipts.....	\$ 2,580,260,027.94
State Disbursements.....	\$ 1,637,527,375.87
ACH Payments Initiated.....	166,381
Checks Issued.....	164,854
Checks Paid.....	170,669

End of Month Cash Balances

Budget Reserve Fund.....	\$ 516,290,044.85*
General Revenue Fund	\$ 522,646,184.30

*On July 13, OA transferred \$20,222,945 into the Budget Reserve Fund from the General Revenue fund to adjust the balance to 7.5 percent of net GR collections in FY 2006 as required by the Constitution, Article IV, Section 27(a).8.

Division of Unclaimed Property

August 1 through August 31, 2006

Total Returned to Owners.....	\$1,979,691.02*
Number of Accounts Paid to Owners.....	6,387

*More than \$21,000,000 was returned to citizens by the Unclaimed Property Division during the fiscal year that ended on June 30.

The Treasurer's Office is currently working to return millions in unclaimed property to the rightful owners.
A listing of accounts held by the Unclaimed Property Division can be seen at:

HTTP://www.showmemoney.com



Investment Division

August 1, 2006 through August 31, 2006

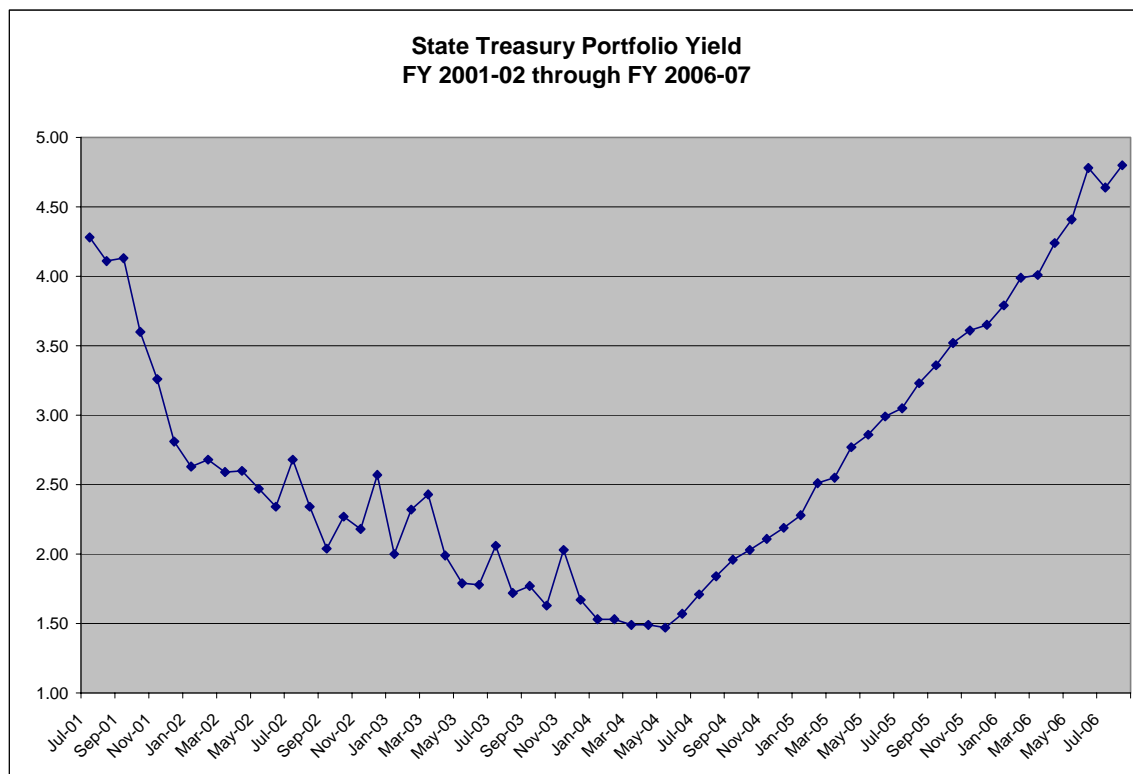
Securities Portfolio

Interest Earnings \$14,730,544.00
Average Book Value..... \$3,550,357,168.00
Annualized Yield..... 4.89 percent

Linked Deposits

Linked Deposits Approved \$ 4,382,689.00
Total Revenue Generated \$ 438,822.80
Economic Rate of Return 10.01 percent

Five-Year Summary of State Securities Portfolio Earnings 2001-2006





Categorical General Revenue Totals

REVENUE	August 2007	August 2006	Difference	% Change
SALES AND USE TAX	221,084,529	220,283,361	801,168	0.36%
<i>MODOT SALES AND USE TAX*</i>	<i>5,234,686</i>	<i>3,026,032</i>	<i>2,208,654</i>	<i>n/a</i>
TOTAL SALES AND USE TAX	226,319,215	223,309,393	3,009,822	1.35%
INCOME TAX INDIVIDUAL	390,790,162	378,860,093	11,930,069	3.15%
CORPORATE INCOME & FRANCHISE TAX	18,210,995	13,503,903	4,707,092	34.86%
COUNTY FOREIGN INSURANCE	30,277,027	17,406,340	12,870,688	73.94%
LIQUOR	1,708,597	1,488,693	219,904	14.77%
BEER	717,904	746,456	(28,552)	-3.82%
INHERITANCE/ESTATE	146,225	2,912,203	(2,765,978)	-94.98%
ALL OTHER TAXES	251,389	124,080	127,309	102.60%
INTEREST	3,961,229	2,723,575	1,237,654	45.44%
LICENSES, FEE, PERMITS	5,071,824	5,180,854	(109,030)	-2.10%
SALES, SERV., RENTALS, LEASES	5,746,181	5,493,049	253,132	4.61%
REFUNDS	375,932	641,284	(265,352)	-41.38%
INTERAGENCY BILLINGS, INVENT	10,982	10,514	468	4.45%
ALL OTHER RECEIPTS	8,251,995	2,394,358	5,857,637	244.64%
TOTAL GENERAL REVENUE RECEIPTS	686,604,973	651,768,763	34,836,211	5.34%
LESS: REFUND EXPENDITURES	36,859,690	45,256,479	(8,396,789)	-18.55%
NET GR COLLECTIONS	649,745,283	606,512,283	43,233,000	7.13%
<i>TOTAL GR RECEIPTS WITH MODOT</i>	<i>691,839,659</i>	<i>654,794,795</i>	<i>37,044,864</i>	<i>5.66%</i>
<i>LESS: REFUND EXPENDITURES</i>	<i>36,859,690</i>	<i>45,256,479</i>	<i>(8,396,789)</i>	<i>-18.55%</i>
NET GR COLLECTIONS WITH MODOT	654,979,969	609,538,315	45,441,653	7.46%

Fiscal Year To Date

SALES AND USE TAX	353,866,612	350,564,478	3,302,134	0.94%
<i>MODOT SALES AND USE TAX*</i>	<i>9,730,604</i>	<i>5,287,794</i>	<i>4,442,810</i>	<i>84.02%</i>
TOTAL SALES AND USE TAX	363,597,216	355,852,273	7,744,943	2.18%
INCOME TAX INDIVIDUAL	701,479,685	669,452,179	32,027,506	4.78%
CORPORATE INCOME & FRANCHISE TAX	39,027,455	46,575,443	(7,547,988)	-16.21%
COUNTY FOREIGN INSURANCE	30,041,576	17,604,548	12,437,027	70.65%
OTHER GENERAL REVENUE	50,506,400	47,860,768	2,645,632	5.53%
TOTAL GENERAL REVENUE RECEIPTS	1,174,921,727	1,132,057,416	42,864,311	3.79%
LESS: REFUND EXPENDITURES	71,945,150	95,017,708	(23,072,558)	-24.28%
NET GENERAL REVENUE COLLECTIONS	1,102,976,577	1,037,039,708	65,936,869	6.36%
<i>TOTAL GR RECEIPTS WITH MODOT</i>	<i>1,184,652,331</i>	<i>1,137,345,211</i>	<i>47,307,120</i>	<i>4.16%</i>
<i>LESS: REFUND EXPENDITURES</i>	<i>71,945,150</i>	<i>95,017,708</i>	<i>(23,072,558)</i>	<i>-24.28%</i>
NET GR COLLECTIONS WITH MODOT	1,112,707,181	1,042,327,503	70,379,679	6.75%

Consensus Revenue Estimates Compared to Actual Revenue Collections

	Forecast GR (July CRE)	Actual GR (as of Aug. 31)	Variance
Gross General Revenue	\$ 1,160.1 million	\$ 1,174.9 million	\$ 14.8 million
General Revenue Refunds	\$ 99.4 million	\$ 71.9 million	27.5 million
Net General Revenue	\$ 1,060.7 million	\$ 1103.0 million	\$ 42.3 million